

2016 Regular Session

HOUSE BILL NO. 837

BY REPRESENTATIVE GISCLAIR

MINERALS/LEASES: Relative to the Oilfield Site Restoration program

1 AN ACT

2 To amend and reenact R.S. 30:88(A), (B), (C), (E), (F), (G), and (H), 91(B)(1), 93(A)(1) and  
3 (3)(introductory paragraph), and to enact R.S. 30:91(B)(5), relative to the Louisiana  
4 Oilfield Site Restoration Law; to provide relative to oilfield site trust accounts; to  
5 require a site-specific trust account for certain oilfield sites; to provide relative to  
6 orphaned oilfield sites; to provide for the procedure prior to declaring a site  
7 orphaned; to provide certain penalties; to provide relative to the recovery of site  
8 restoration costs; to provide for certain monetary limits and their effects; to provide  
9 certain terms, conditions, requirements, and procedures; and to provide for related  
10 matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 30:88(A), (B), (C), (E), (F), (G), and (H), 91(B)(1), 93(A)(1) and  
13 (3)(introductory paragraph) are hereby amended and reenacted and R.S. 30:91(B)(5) is  
14 hereby enacted to read as follows:

15 §88. Oilfield site trust accounts

16 A.(1) If an oilfield site is transferred from one party to another, a site-specific  
17 trust account may be established to separately account for each such site for the  
18 purpose of providing a source of funds for site restoration of that oilfield site at such  
19 time in the future when restoration of that oilfield site is required.

20 (2) If an oilfield site is transferred from the operator of record to another  
21 operator, a site-specific trust account shall be established to separately account for

1 each such site for the purpose of providing a source of funds for site restoration of  
2 that oilfield site at such time in the future when restoration of that oilfield site is  
3 required.

4 (3) For purposes of this Part, a transfer shall be deemed to have been made  
5 once there is a change in ownership of any kind at an oilfield site. Once established,  
6 the site-specific trust account shall survive until completion of site restoration of the  
7 associated oilfield site.

8 B. In the event the parties or operators of record to a transfer ~~elect~~ to establish  
9 a site-specific trust account under this Section, the assistant secretary shall require  
10 an oilfield site restoration assessment to be made to determine the site restoration  
11 requirements existing at the time of the transfer, or at the time the site-specific trust  
12 account is established. The oilfield site restoration assessment shall be conducted by  
13 approved site assessment contractors appearing on a list approved by the commission  
14 or acceptable to the commission. The oilfield site restoration assessment shall  
15 specifically detail site restoration needs and shall provide an estimate of the site  
16 restoration costs needed to restore the oilfield site based on the conditions existing  
17 at the time of transfer, or at the time the site-specific trust account is established.

18 C. The party ~~or parties~~ or operator of record to the transfer shall, based upon  
19 the site restoration assessment, propose a funding schedule which will provide for  
20 the site-specific trust account. The funding schedule shall consider the uniqueness  
21 of each transfer, acquiring party or acquiring operator, and oilfield site. Funding of  
22 the site-specific trust account shall include some contribution to the account at the  
23 time of transfer and at least quarterly payments to the account. Cash or bonds in a  
24 form and of a type acceptable to the assistant secretary, or any combination thereof,  
25 may also be considered for funding. The assistant secretary shall monitor each trust  
26 account to assure that it is being properly funded. The funds in each trust account  
27 shall remain the property of the commission.

28 \* \* \*

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1           E. When transfers of oilfield sites occur subsequent to the formation of site-  
 2 specific trust accounts but prior to the end of their economic life, the assistant  
 3 secretary and the acquiring party or acquiring operator shall, in the manner provided  
 4 for in this Section, again redetermine cost and agree upon a funding schedule. The  
 5 balance of any site-specific trust account at the time of subsequent transfer shall  
 6 remain with the oilfield site and shall be a factor in the redetermination.

7           F. Once the assistant secretary has approved the site-specific trust account,  
 8 and the account is fully funded, the party or operator of record transferring the  
 9 oilfield site and all prior owners, operators, and working interest owners shall not  
 10 thereafter be held liable by the state for any site restoration costs or actions  
 11 associated with the transferred oilfield site. The party acquiring or the operator  
 12 acquiring the oilfield site shall thereafter be the responsible party for the purposes  
 13 of this Part.

14           G. The failure of a transferring party or the transferring operator of record to  
 15 make a good faith disclosure of all oilfield site conditions existing at the time of the  
 16 transfer may render that party or operator liable for the costs of restoration of such  
 17 undisclosed conditions in excess of the balance of the site-specific trust fund.

18           H. Except as provided in Subsection E of this Section and Paragraph (A)(2)  
 19 of this Section, the parties to a transfer may elect not to establish a site-specific trust  
 20 account; however, in the absence of such account, the parties shall not be exempt  
 21 from liability as set forth in Subsection F of this Section.

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§91. Orphaned oilfield sites

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25           B.(1)(a) Prior to declaring a site to be an orphaned oilfield site, the assistant  
 26 secretary shall seek to notify ~~the last operator~~ all operators of record, at ~~his~~ their last  
 27 known address contained in the department records, of the site that is to be declared  
 28 orphaned and shall publish a notice in the Louisiana Register that the oilfield site is  
 29 to be declared orphaned.





Proposed law changes the restoration costs limitation from \$250,000 to \$50,000.

Present law provides that if the oilfield site does not meet the provisions of R.S. 30:88(F) and restoration costs exceed \$250,000, recovery of costs will be from the parties in inverse chronological order from the date on which the oilfield site has been declared orphaned, except that a party will be exempt from liability for restoration of an orphaned oilfield site if the party meets certain requirements.

Proposed law changes the restoration costs limitation from \$250,000 to \$50,000.

(Amends R.S. 30:88(A), (B), (C), (E), (F), (G), and (H), 91(B)(1), 93(A)(1) and (3)(intro. para.); Adds R.S. 30:91(B)(5))